

Message Text

CONFIDENTIAL

PAGE 01 KINSHA 07196 300824Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 INT-05 GSA-02 CIAE-00
DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 OMB-01
EB-08 COME-00 /085 W

-----015247 300829Z /10

P R 300630Z JUL 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 4914

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

C O N F I D E N T I A L KINSHASA 7196

E.O. 11652: GDS

TAGS: EMIN, CG, EALR

SUBJECT: SMFT COPPER PROJECT - POSSIBLE MODIFIED START-UP

1. THE KINSHASA PRESS RECENTLY ANNOUNCED THAT THE EXECUTIVE COUNCIL HAD APPROVED REACTIVATION OF THE SUSPENDED TENKE-FUNGURUME COPPER PROJECT AS A MINING AND CONCENTRATION OPERATION, WITH THE OUTPUT TO BE SOLD TO GECAMINES FOR REFINING AND EXPORT. THE COST FIGURE QUOTED BY THE COMMISSAIRE D'ETAT FOR MINES WAS \$9 MILLION. ACCORDING TO SMTF REPRESENTATIVES JOHNSON AND WINDHAM-BELLORD, WHILE THIS IS IN THE RIGHT BALL PARK THERE ARE A NUMBER OF MAJOR DETAILS YET TO BE SETTLED.

2. JOHNSON PRESENTED GECAMINES WITH THE LATEST SMTF PROPOSAL THREE WEEKS AGO AND HAS RETURNED TO KINSHASA FOR THEIR REACTION, WHICH HAS NOT YET BEEN FORTHCOMING. SMTF IS PREPARED TO INSTALL A CONCENTRATOR WITH AN ANNUAL CAPACITY OF ABOUT 9000 TONS OF COPPER EQUIVALENT, OR ALTERNATIVELY TO GO BACK IN SIMPLY WITH A MINING OPERATION; BUT AT THE CURRENT POINT IT IS NOT POSSIBLE TO TELL JUST HOW MUCH EITHER OF THESE ALTERNATIVES WOULD ADD TO GECAMINES' PRODUCTIVE CAPACITY. AMONG THE OTHER ITEMS TO BE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINSHA 07196 300824Z

DETERMINED ARE THE PRICE SCALES, DEPENDENT ON PERCENTAGE CONCENTRATE PROVIDED (IDEALLY TWENTY PERCENT FROM THE SMTF POINT OF VIEW); TREATMENT TECHNIQUE USED; CURRENT PRICES; AND A NUMBER OF OTHER VARIABLES; AND AMOUNT OF PAYMENT IN LOCAL VERSUS HARD CURRENCY.

3. THE GOZ HAS FLATLY DENIED PERMISSION FOR THE SMTF GROUP TO

SHIP CONCENTRATE OR ORE TO ZAMBIA FOR REFINING IF NEGOTIATIONS CANNOT SUCCESSFULLY BE CONCLUDED WITH GECAMINES.

4. JOHNSON INDICATED THAT IT IS QUITE POSSIBLE THAT NEGOTIATIONS WILL DRAG ON FOR SOME TIME, BUT THAT ASSUMING A CONCENTRATOR IS INSTALLED IT WILL REQUIRE ABOUT FOURTEEN MONTHS AFTER THE AGREEMENT IS REACHED FOR PRODUCTION TO BEGIN. THE LIMITED SCALE OF THE CURRENT PROJECT WILL MEAN THAT NO NEW EMPLOYMENT WILL BE GENERATED IN THE AREA. IF THE DECISION IS TAKEN TO GO WITH A SOLELY MINING OPERATION, THE LAG TIME INVOLVED WILL BE THREE TO FOUR MONTHS AS SMTF CURRENTLY DOES NOT HAVE THE ENGINEERS AND MINERS THAT WILL BE NEEDED ON SITE.

5. GIVEN THE STILL SOMEWHAT TENTATIVE NATURE OF THE PROJECT, SMTF WAS NOT OVERLY ENTHUSIASTIC ABOUT THE GOZ'S ANNOUNCEMENT OF ITS PLANS, FEARING THAT IT WILL AMONG OTHER THINGS ENCOURAGE MIGRATION OF JOB SEEKERS INTO THE EXPLOITATION AREA. BUT THERE IS NO FEELING OF ANY REAL DAMAGE HAVING BEEN DONE.

6. COMMENT: GOZ WILLINGNESS TO AGREE TO RESUMED OPERATIONS ON A GREATLY REDUCED SCALE CAN BE TAKEN AS A POSITIVE SIGN OF THEIR CONTINUED RECOGNITION OF THE SMTF CONCESSION, DESPITE THE INDEFINITE POSTPONEMENT OF THE ORIGINAL \$800 MILLION PROPOSAL. EVEN IF THE REDUCED SCALE OPERATIONS ARE NOT IMMEDIATELY PROFITABLE GIVEN THE CURRENT LOW COPPER PRICES, THEY SHOULD AT LEAST SERVE TO HELP OFFSET SMTF'S FIXED COSTS.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINSHA 07196 300824Z

CUTLER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA07196
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770273-1213
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977072/aaaaabas.tel
Line Count: 95
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d2f40d64-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1750285
Secure: OPEN
Status: NATIVE
Subject: SMFT COPPER PROJECT - POSSIBLE MODIFIED START-UP
TAGS: EMIN, EALR, CG
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/d2f40d64-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009